

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8,
TEXAS COUNTY, OKLAHOMA**

JUNE 30, 2021

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2021

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GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page No.</u>
School District Officials	2
Table of Contents	3-4
Independent Auditor's Report	5-6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Regulatory Basis – Performed in Accordance with Government Auditing Standards	7-8
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required By the Uniform Guidance	9-10
Disposition of Prior Year's Significant Deficiencies and Material Instances of Non-Compliance	11
Schedule of Audit Results, Findings and Questioned Costs	12
Combined Financial Statements – Regulatory Basis	
Combined Statement of Assets, Liabilities and Fund Balance - All Fund Types and Account Groups – Regulatory Basis	13
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Governmental Fund Types and Expendable Trusts – Regulatory Basis	14
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis	15-17
Notes to Combined Financial Statements - Regulatory Basis	18-34
Combining Financial Statements – Regulatory Basis	
Combining Statement of Assets, Liabilities and Fund Balance – All Fiduciary Fund Types – Regulatory Basis	35

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
JUNE 30, 2021

	<u>Page No.</u>
Combining Financial Statements – Regulatory Basis	
Combining Statement of Changes in Assets and Liabilities –Agency Funds – Regulatory Basis	36-37
Schedule of Expenditures of Federal Awards – Regulatory Basis	38
Schedule of Statutory, Fidelity and Honesty Bonds	39
Schedule of Accountant’s Professional Liability Insurance Affidavit	40



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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Guymon School District Number I-8
Guymon, Texas County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Guymon School District Number I-8, Guymon, Texas County, Oklahoma (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2021, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2021



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Guymon School District Number I-8
Guymon, Texas County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Guymon School District Number I-8, Guymon, Texas County, Oklahoma (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2021, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

The Honorable Board of Education
Guymon School District Number I-8
Guymon, Texas County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Guymon School District Number I-8, Guymon, Texas County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2021

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2021

There were no prior year significant deficiencies.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section 1 - Summary of Auditor's Results:

1. An adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance, 2 CFR 200.51(a).
7. Programs determined to be major are the COVID-19 Education Stabilization Fund-ESSER/CARES Act Programs (84.425D), which were not clustered in determination, and the Child Nutrition Programs (10.555, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

None

Section 3 – Findings and questioned costs for federal awards:

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2021

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES EXPEN. TRUST AND AGENCY FUNDS	ACCOUNT GROUP		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS		DEBT SERVICE	GENERAL	
<u>ASSETS</u>							
Cash	\$ 4,491,900	3,310,052	1,301,148	1,935,083	587,491	1,935,083	11,625,674
Amounts available in debt service							1,935,083
Amount to be provided for retirement of long-term debt						2,144,917	2,144,917
Total Assets	\$ 4,491,900	3,310,052	1,301,148	1,935,083	587,491	4,080,000	15,705,674
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants payable	\$ 369,486	3,018			57,011		429,515
Encumbrances	2,056,067	59,909	3,200		9,421		2,128,597
Funds held for school organizations					352,483		352,483
Long-term debt:							
Bonds payable						4,080,000	4,080,000
Total liabilities	2,425,553	62,927	3,200	0	418,915	4,080,000	6,990,595
Fund Balance:							
Restricted		3,247,125	1,297,948	1,935,083	168,576		6,648,732
Unassigned	2,066,347						2,066,347
Fund balances	2,066,347	3,247,125	1,297,948	1,935,083	168,576	0	8,715,079
Total Liabilities and Fund Balance	\$ 4,491,900	3,310,052	1,301,148	1,935,083	587,491	4,080,000	15,705,674

The notes to the combined financial statements are an integral part of this statement

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES EXPENDABLE TRUST FUNDS	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE		
Revenues collected:						
Local sources	\$ 4,725,679	852,989		1,994,413		7,573,081
Intermediate sources	805,632					805,632
State sources	15,052,225	32		101		15,052,358
Federal sources	4,570,389					4,570,389
Interest earnings	72,882		6,871		300	80,053
Non-revenue receipts:	4,057					4,057
Total revenues collected	<u>25,230,864</u>	<u>853,021</u>	<u>6,871</u>	<u>1,994,514</u>	<u>300</u>	<u>28,085,570</u>
Expenditures:						
Instruction	14,954,484					14,954,484
Support services	11,002,351	88,569	417,550			11,508,470
Operation of non-instructional services	2,016,198					2,016,198
Facilities acquisition & construction services		385,983				385,983
Other outlays :						
Correcting entry	4,058					4,058
Debt service requirements				2,221,944		2,221,944
Total expenditures	<u>27,977,091</u>	<u>474,552</u>	<u>417,550</u>	<u>2,221,944</u>	<u>0</u>	<u>31,091,137</u>
Excess of revenues collected over (under) expenditures before adjustments	(2,746,227)	378,469	(410,679)	(227,430)	300	(3,005,567)
Adjustments:						
Adjustments to prior year encumbrances	101,772	1,088	2,789			105,649
Adjust debt service to regulatory basis - note 9				2,077,855		2,077,855
Total adjustments	<u>101,772</u>	<u>1,088</u>	<u>2,789</u>	<u>2,077,855</u>	<u>0</u>	<u>2,183,504</u>
Excess of revenues collected over (under) expenditures	(2,644,455)	379,557	(407,890)	1,850,425	300	(822,063)
Cash fund balances, beginning of year	<u>4,710,802</u>	<u>2,867,568</u>	<u>1,705,838</u>	<u>84,658</u>	<u>168,276</u>	<u>9,537,142</u>
Cash fund balances, end of year	<u>\$ 2,066,347</u>	<u>3,247,125</u>	<u>1,297,948</u>	<u>1,935,083</u>	<u>168,576</u>	<u>8,715,079</u>

The notes to the combined financial statements are an integral part of this statement

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 4,390,533	4,725,679	5,171,423
Intermediate sources	725,573	805,632	806,192
State sources	16,873,104	15,052,225	15,972,300
Federal sources	4,707,646	4,570,389	3,130,040
Interest earnings		72,882	223,925
Non revenue receipts		4,057	83,759
Total revenues collected	<u>26,696,856</u>	<u>25,230,864</u>	<u>25,387,639</u>
Expenditures:			
Instruction	16,443,385	14,954,484	14,630,754
Support services	12,893,073	11,002,351	9,899,865
Operation of non-instruction services	2,047,000	2,016,198	1,461,456
Facilities acquisition & construction services	14,200		
Other outlays:			
Reimbursement	10,000		
Correcting entry		4,058	83,553
Total expenditures	<u>31,407,658</u>	<u>27,977,091</u>	<u>26,075,628</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(4,710,802)	(2,746,227)	(687,989)
Adjustments to prior year encumbrances	<u>0</u>	<u>101,772</u>	<u>3,749</u>
Excess of revenues collected over (under) expenditures	(4,710,802)	(2,644,455)	(684,240)
Cash fund balance, beginning of year	<u>4,710,802</u>	<u>4,710,802</u>	<u>5,395,042</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>2,066,347</u>	<u>4,710,802</u>

The notes to the combined financial statements are an integral part of this statement

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS (Building Fund)		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 626,694	852,989	635,953
State sources		32	448
Total revenues collected	<u>626,694</u>	<u>853,021</u>	<u>636,401</u>
Expenditures:			
Support services	2,588,262	88,569	653,576
Facilities acquisition & construction services	906,000	385,983	
Other outlays:			
Correcting entry			1,500
Total expenditures	<u>3,494,262</u>	<u>474,552</u>	<u>655,076</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(2,867,568)	378,469	(18,675)
Adjustments to prior year encumbrances	<u>0</u>	<u>1,088</u>	<u>0</u>
Excess of revenues collected over (under) expenditures	(2,867,568)	379,557	(18,675)
Cash fund balances, beginning of year	<u>2,867,568</u>	<u>2,867,568</u>	<u>2,886,243</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>3,247,125</u>	<u>2,867,568</u>

The notes to the combined financial statements are an integral part of this statement

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 2,066,320	1,994,413	2,204,098
State sources		101	1,572
Total revenues collected	<u>2,066,320</u>	<u>1,994,514</u>	<u>2,205,670</u>
Requirements:			
Bonds	1,980,000	2,075,000	2,075,000
Coupons	170,978	146,944	48,022
Total requirements	<u>2,150,978</u>	<u>2,221,944</u>	<u>2,123,022</u>
Excess of revenue collected over (under) expenditures before adjustments	(84,658)	(227,430)	82,648
Adjust debt service to regulatory basis - note 9	<u>0</u>	<u>2,077,855</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	(84,658)	1,850,425	82,648
Cash fund balance, beginning of year	<u>84,658</u>	<u>84,658</u>	<u>2,010</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>1,935,083</u>	<u>84,658</u>

The notes to the combined financial statements are an integral part of this statement

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Guymon Public Schools Independent District, No. I-8 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local independent school district. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

A. Reporting Entity – cont’d

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

B. Measurement Focus

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The district did not maintain a co-op fund or a child nutrition fund during the 2020-21 fiscal year.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The District operates these programs through the general fund.

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund – The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District only maintain a gifts and endowments fund and an insurance recovery fund.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont’d

B. Measurement Focus – cont’d

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis for State and Local Governments* with certain modifications. This format differs significantly from that required by GASB 34.

The financial statements are essentially prepared on the basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting and Presentation – cont'd

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The Board of Education request an initial temporary appropriations budget from their county excise board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until annual estimate of needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education.

The 2020-21 Estimate of Needs was not amended by any supplemental appropriations. Any supplemental amendments must be approved by the county excise board.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

Cash and cash equivalents – The District considers all cash on hand, demand deposit accounts, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2021, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amount in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity – cont’d

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District’s general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Monetary Transactions – The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made in the 2020-21 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s cash deposits and investments at June 30, 2021, were \$11,628,620 at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

2. CASH AND INVESTMENTS – cont’d

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2021.

4. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District’s voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

General long-term debt of the District consists of building bonds payable. Debt service requirements for bonds and judgments are paid solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2021:

	Bonds Payable
Balance, July 1, 2020	\$ 6,155,000
Retirements	(2,075,000)
Balance, June 30, 2021	\$ 4,080,000

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2021, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2020, original issue \$4,080,000, interest rate of 2.00% to 2.25%, due in an initial installment of \$1,980,000 on 10-1-21, and a final installment of \$2,100,000, due in 10-1-22	<u>\$ 4,080,000</u>

The annual debt service requirements for the retirement of the bonds and capital leases, including the payment of principal and interest are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,980,000	43,275	2,023,275
2023	2,100,000	42,000	2,142,000
Total	\$ 4,080,000	85,275	4,165,275

Interest paid on general long-term debt during the 2020-21 fiscal year totaled \$146,944.

5. LEASE REVENUE BONDS

On March 1, 2018, the Texas County Development Authority issued \$13,750,000 of Educational Facilities Lease Revenue Bonds (Guymon Public Schools Project) Series 2018, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Guymon School District. Also on March 1, 2018, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Texas County Development Authority. In addition, the District entered into a sublease, as lessee, with the Texas County Development Authority. The sublease calls for four (4) biannual acquisition payments starting December 1, 2019, in addition to semiannual rental payments of \$1,500. These payments will be made out of bond funds pursuant to the issuance of series bonds in the amount of \$20,400,000, passed by voters of the District on October 10, 2017. Guymon Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund balance under bonds payable as each series of bonds is sold.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2020-21 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 7.70%.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEM – cont'd

Annual Pension Cost

The District's share of contributions for 2021, 2020 and 2019 were \$1,207,868, \$1,174,839, and \$1,091,540, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2021. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest.

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

7. RISK MANAGEMENT – cont'd

The District is also a member of the Oklahoma State School Boards Association (OSSBA) Employment Services program, which helps to cover the cost of unemployment claims. Depending on the level of membership the District elects, the District makes a deposit into an account administered by OSSBA, or will make payments periodically as needed. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

8. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2020-21 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

The District is a defendant in a federal court litigation. Although the outcome of this lawsuit is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three year period pursuant to state law.

9. SINKING FUND BALANCE ADJUSTMENT

In previous years the sinking fund balance had been reported on the accrual basis. As of June 30, 2021, the District will report the sinking fund balance in accordance with the regulatory basis. The amount reported reflects necessary adjustment for this change.

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 8, TEXAS COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITES AND FUND BALANCE -
 ALL FICUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2021

	EXPENDABLE TRUST FUNDS		AGENCY FUNDS	TOTAL
	GIFTS & ENDOWMENTS FUND	INSURANCE RECOVERY FUND	SCHOOL ACTIVITY FUNDS	
<u>ASSETS</u>				
Cash	\$ 6,093	162,483	418,915	587,491
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$		57,011	57,011
Encumbrances			9,421	9,421
Funds held for school organizations			352,483	352,483
Total Liabilities	<u>0</u>	<u>0</u>	<u>418,915</u>	<u>418,915</u>
Fund Balance:				
Restricted	<u>6,093</u>	<u>162,483</u>	<u>0</u>	<u>168,576</u>
Total Liabilities and Fund Balance	<u>\$ 6,093</u>	<u>162,483</u>	<u>418,915</u>	<u>587,491</u>

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> 7-01-20	<u>ADDITIONS</u>	<u>TRANSFERS/ ADJUSTMENTS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 6-30-21
<u>ASSETS</u>					
Cash	\$ 351,627	610,713	0	609,857	352,483
<u>LIABILITIES</u>					
Funds held for school organizations:					
School activity accounts	\$ 3,635	528		345	3,818
Admissions account	6,858	43,921		45,359	5,420
HS academic bowl	654	0		0	654
BPA	1,559	10,114		8,086	3,587
Jr high art	132	100		95	137
HS art	11,846	5,900		7,176	10,570
AP testing	1,129	2,272		1,581	1,820
Carrier / Homer Long / Northeast	19,764	12,274		13,347	18,691
Academy	11,521	46,704		46,195	12,030
Football	3,283	16,550		18,539	1,294
Golf	622	6,442		4,635	2,429
Cross country	14,266	29,898		33,286	10,878
Girls basketball	2,169	4,681		4,308	2,542
Boys basketball	1,094	2,522		1,839	1,777
Softball fast pitch	12,445	10,607		14,045	9,007
Baseball	2,078	4,500		2,713	3,865
Track	9,288	9,282		13,681	4,889
Girls soccer	1,143	3,742		3,880	1,005
HS sunshine committee	376	2,048		1,229	1,195
Band	646	29,320		27,990	1,976
Volleyball	4,284	3,705		4,979	3,010
Alumni court	6,321	0		0	6,321
Caught ya	2,298	1,440		2,269	1,469
Academics team Jr high	204	0		0	204
Boys soccer	3,394	4,254		4,253	3,395
HS choir	2,634	18,420		18,151	2,903
Computer / Senior video	590	0		260	330
Jr high cheerleaders	2,571	11,904		12,133	2,342
HS cheerleaders	533	47,098		37,735	9,896
Class of 2020	4,542	0		2,090	2,452
Class of 2021	7,729	4,260		7,747	4,242
Class of 2022	50	20,727		15,576	5,201
Graduated classes fund	3,440	0		0	3,440
HS principal fund	20,457	1,774		15,964	6,267
HS ceramics	1,754	620		1,208	1,166
Debate club	513	500		425	588
Dance team	404	39,876		38,924	1,356
Elementary yearbook	7,580	5,845		3,248	10,177

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BALANCE 7-01-20	ADDITIONS	TRANSFERS/ ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-21
North Park Elementary	\$ 20,940	43,019		44,443	19,516
FCA, HS	20	0		0	20
FFA	18,532	32,337		36,992	13,877
FFA farm account	20,157	12,164		10,701	21,620
FCCLA, Jr high	10,634	0		0	10,634
FCCLA, high school	5,284	1,780		4,261	2,803
Instructional coaches	1,332	0		326	1,006
Five State Honor Band	2,478	265		0	2,743
French club	3,174	0		0	3,174
Halo, Jr high	974	161		0	1,135
Halo, high school	1,227	56		1,028	255
Jr high 3-D art	371	0		0	371
Jr high tech ed.	100	0		0	100
Jr high faculty	316	0		0	316
Jr high	2,623	3,953		3,876	2,700
Library (North Park)	11,680	10,971		9,842	12,809
Library (Jr high)	1,173	732		540	1,365
Library (high school)	590	2,532		1,449	1,673
Jr high social studies	691	0		0	691
Library (Academy)	5,234	3,614		2,394	6,454
Jr high robotics	285	0		0	285
HS miscellaneous	3,043	6,278		5,475	3,846
NJHS	3,679	0		0	3,679
NJHS high school	1,877	740		1,375	1,242
HS science dept	4	0		0	4
Alternative school	92	0		0	92
Folkorica, high school	2,227	1,198		144	3,281
Publications	8,266	8,500		2,744	14,022
Swim	75	16,400		11,362	5,113
HS robotics team	1,883	0		0	1,883
Tech education	516	4,896		4,193	1,219
Prairie	21,153	36,714		28,259	29,608
Special education	7	0		0	7
STUCO, Jr high	2,003	4,280		5,645	638
STUCO, high school	17,986	7,008		8,670	16,324
HS counselors	2,466	0		1,216	1,250
Yearbook, Jr high	1,479	9,461		10,225	715
Tiger tales - fill the bus	0	20		0	20
After school programs	3,250	0		0	3,250
Color guard	0	316		0	316
Powerlifting	0	990		982	8
Jr high table top club	0	500		424	76
Total Liabilities	\$ 351,627	610,713	0	609,857	352,483

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Balance at 7/1/20	Revenue Collected	Total Expenditures	Balance at 6/30/21
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I, Basic Program	84.010	511	\$ 1,288,225		517,948	1,124,927	606,979
Title I, Basic Program - 2019-20	84.010	799		63,564	63,564		
Title I, School Improvement	84.010	515	214,421		157,098	179,389	22,291
Title I, School Improvement - 2019-20	84.010	799		6,097	6,097		
Title I, Migrant Program	84.011	521	235,254		85,298	162,625	77,327
Title I, Migrant Program - 2019-20	84.011	799		59,471	59,471		
Title II, Part A	84.367	541	112,503		53,598	91,432	37,834
Title II, Part A - 2019-20	84.367	799		10,767	10,767		
Title III, Part A	84.365	571	15,828		15,174	15,174	
Title III, Part A	84.365	572	131,880		54,002	74,600	20,598
Title III, Part A - 2019-20	84.365	799		9,362	9,362		
Title IV, Part A	84.424	552	60,600		60,600	60,600	
Title VI, Part B	84.358	587	73,417		68,589	68,589	
IDEA-B Flowthrough	84.027	621	573,454		438,899	515,962	77,063
IDEA-B Flowthrough - 2019-20	84.027	799		45,854	45,854		
IDEA-B Preschool	84.173	641	15,936		13,940	13,940	
IDEA-B Early Intervening	84.027	623	91,410		44,732	62,491	17,759
IDEA-B COVID Assist	84.027	617	21,312		21,312	21,312	
<u>*COVID-19 - CARES Act / ESSER:</u>							
ESSERF / CARES Act	84.425D	788	744,672		633,063	720,386	87,323
ESSERF I	84.425D	789	290,000		290,000	290,000	
ESSER II	84.425D	793	3,326,993			198,645	198,645
Total COVID-19			<u>4,361,665</u>	<u>0</u>	<u>923,063</u>	<u>1,209,031</u>	<u>285,968</u>
Sub Total			<u>7,195,905</u>	<u>195,115</u>	<u>2,649,368</u>	<u>3,600,072</u>	<u>1,145,819</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048	421	34,029		34,029	34,029	
JAVITS Gifted & Talented	84.206	783			1,789	38,353	36,564
Sub Total			<u>34,029</u>	<u>0</u>	<u>35,818</u>	<u>72,382</u>	<u>36,564</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>*Child Nutrition Programs:</u>							
School Breakfast Program	10.553	764			144,767		
National School Lunch Program	10.555	763			562,015	455,314	
Special Milk Program	10.556	765			2,472		
Summer Food Program	10.559	766			1,175,949	1,097,468	
Sub Total					<u>1,885,203</u>	<u>1,552,782</u>	
<u>Passed Through Department of Human Services:</u>							
<u>*Non-cash assistance - commodities - Note 3</u>							
National School Lunch Program	10.555	n/a			78,653	78,653	
Total Federal Assistance			<u>\$ 7,229,934</u>	<u>195,115</u>	<u>4,649,042</u>	<u>5,303,889</u>	<u>1,182,383</u>

* Major programs

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2021. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Non-Monetary Assistance - Commodities received by the District in the amount of \$78,653 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

GUYMON INDEPENDENT SCHOOL DISTRICT NO. 1-8, TEXAS COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2021

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Liberty Mutual Surety -	Treasurer	999018843	\$ 50,000	7/1/20 - 7/1/21
	Superintendent	999007270	100,000	6/28/20 - 6/28/21
	Encumbrance Clerk	999018846	1,000	7/1/20 - 7/1/21
	Minutes Clerk	999086447	1,000	1/12/21 - 1/12/22
	Activity Fund Custodian	999079578	5,000	11/16/20 - 11/16/21
	Payroll	999084504	1,000	12/21/20 - 12/21/21
	Lunch Fund	999018852	10,000	7/1/20 - 7/1/21

GUYMON INDEPENDENT SCHOOL DISTRICT NO. I-8, TEXAS COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2020 TO JUNE 30, 2021

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Guymon Public Schools for the audit year 2020-21.

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
Auditing Firm

By  _____
Authorized Agent

Subscribed and sworn to before me
This 1st day of October 2021



 _____
Notary Public (or Clerk or Judge)

My Commission Expires: 12-11-2024
Commission No. 20014980



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

October 1, 2021

Ms. Angela Rhoades, Supt.
Guymon Public Schools
P.O. Box 1307
Guymon, Oklahoma

Dear Ms. Rhoades:

Listed below are the observations and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material or immaterial in nature. They are simply observations of some minor findings that could evolve into immaterial or material findings if not addressed or corrected.

Activity Fund Receipts

When testing the activity fund receipting procedures, we noted there is not a clear audit trail from when collections are made by sponsors to the corresponding bank deposit. The activity fund custodian is properly receipting sponsors and making timely deposits, however, there are sponsors who were not using District provided receipt books

We recommend that all activity funds collected be receipted in pre-numbered receipt books, with a receipt copy being issued to any student or patron from whom money is received, and all receipt books be kept on file for review. Further, we recommend that sponsor receipt books be checked in/out to sponsors at the beginning/end of each year and a log be used to record the checking in/out of receipt books. We recommend that the activity fund collection/receipts processes and procedures be reexamined and improved upon.

Activity Fund Gate Receipts

We observed during the audit that pre-numbered admission tickets were not retained after athletic events for examination. Therefore, a reconciliation of such tickets could not be performed. We recommend that pre-numbered tickets be issued for each event which charges an admission fee, and that the stubs or copies of each ticketed event be kept on file along with the gate collection form. The amount of tickets stubs for each event should reconcile to the amount of collections for each event, as required by the State Department of Education.

CD Interest

During our audit we observed that the activity fund CD investment interest was not being receipted to reflect the actual CD balance. We recommend that the District monitor the CD balance's quarterly or semi-annually and add any interest earned to an appropriate subaccount accordingly. Further, we recommend that the Board approve policies to clarify the procedures for allocating interest earned during the year and designate which sub-account the interest should be receipted. This was discussed with staff during our visit and has been corrected for the current fiscal year.

Surety Bonds

It appears that the Treasurer's surety bond had a coverage amount of \$50,000 for the 2020-21 fiscal year. State Statutes state that the any financial officer must have a minimum coverage amount of \$100,000. We recommend that the Treasurer Bond be increased to this minimum coverage amount.

Travel Expenses

We observed a few checks for trips where students and employees ate meals or stayed in hotel rooms. We recommend that when this type of travel is taken, a listing of all students (team roster) and employees be included that reconciles to the amount of meals purchased or the number of hotel rooms purchased. Also, the purpose of the trip, the trip date ranges and the trip destinations should all be included in the supporting documentation. When possible, an agenda or itinerary should be attached to show proof of attendance. For employee travel, we always stress the importance of each expenditure being able to "tell the complete story" of the trip (who went, where did they go, who went with them, for how long, what was purchased, etc.).

Purchase Orders

Purchase orders were used in accordance with Oklahoma Statutes, however, they were not always encumbered against available appropriations prior to the obligations being incurred. We recommend that the District enforce its policies and procedures which require that purchase orders be encumbered prior to the obligation being incurred.

In addition, during our review of 2021-22 purchase orders, we observed some purchase orders that had supporting invoices dated prior to July 1, 2021. Because these invoices were dated in the 2020-21 fiscal year, they were actually legal obligations of the 2020-21 fiscal year, and should have been paid by that fiscal year's funds. We recommend that all outstanding obligations at year-end be properly encumbered as a reserve of that fiscal year.

Federal Program Reconciliations

During our audit, we observed several instances where the federal expenditure claims submitted for reimbursement did not match the actual amounts coded to that project code, according to the Oklahoma Cost Accounting System (OCAS) and software reports. A reconciliation was later completed and it does appear that accurate federal expenditures were submitted to the OSDE during its last OCAS data submission.

We recommend that the District establish a procedure which requires that an employee (other than the one filing the claims) perform reconciliations periodically during the year, and at the end of the fiscal year, between the expenditures claimed for reimbursement and the expenditures that are actually coded to the program's project code on the detailed expenditure reports. We also recommend that actual expenses be coded to every grant to correspond with amounts claimed, even if the program does not require a detailed expenditure claim.

Payroll

During our review of payroll transactions, we were unable to reconcile the contract amounts to the actual amounts paid for a few employees. These instances show overpayments/underpayments made to employees. Although the District was able to explain the variances, there appears to be some instances where some payroll burdens are not reported correctly and this could result in incorrect information being reported to the IRS or on the employee's W-2. We recommend that these variances be investigated prior to submitting the District's W-2 information to the IRS so that any errors can be corrected in a timely manner. We also recommend that an earnings report be run at the end of each fiscal year, and all contracts be reconciled to actual amounts paid.

Outside Bank Accounts

The District has two bank accounts that are not recorded in the District's accounting software. Both accounts are immaterial to the District's financial statements (less than \$2,000) and had no activity during the year. Management was not aware of the purpose for one of the accounts and the second account was used as a "crime stopper" where students can receive a reward for reporting a crime that leads to an arrest. We recommend that both of these accounts be moved into the activity fund or gifts fund so that all District banking transactions are recorded in the District's accounting software and all financial information is submitted with OCAS.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Christopher P. Gullekson

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP